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Taiwan SBS Rice Quota Update – August 25 Tender Results

Report Categories:

Grain and Feed

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Report Highlights:

On August 25, Taiwan awarded 650 tons of Country Specific Quota (CSQ) designated for U.S. rice purchases under SBS tender to two out of three U.S. rice handlers participating in the bidding. As of reporting date, Taiwan has allocated a total of 6,650 tons of the U.S. 2009 CSQ through successful SBS tenders. The remaining 2,550 tons under SBS will be scheduled for a second tendering process in approximately two weeks. Meanwhile, the 55,434 tons of U.S. CSQ rice quota under the traditional system is to be divided into three tranches and scheduled for September/October tendering.

Executive Summary:

Under Taiwan's WTO rice import regime, the United States is allocated 64,634 tons of country-specific quota (CSQ) for public sector purchase. For the 2009 quota amount, 9,200 tons is to be tendered under the simultaneous-Buy-Sell (SBS) system and 55,434 tons under the traditional tender system.

As of reporting date, Taiwan has completed 20,950 tons of its 2009 quotas for public sector imports – marking a 22-percent completion rate. The completed public-sector quota purchases have all been under the Simultaneous-Buy-Sell

(SBS) system. The first tranche of SBS tenders for 18,000 tons was completed by March 11, 2009, and Taiwan is currently tendering for the second SBS tranche of 12,000 tons. The first tendering process for this second tranche was held on August 25, resulting in a total of 2,950 tons awarded to five successful bidders. Within this total, 650 tons of U.S. CSQ under SBS was awarded to two U.S. rice handlers: one at the offered bid price of NT\$0.501/kg for 190 tons and the other at NT\$0.720/kg for 460 tons. Three Thai rice handlers split 2,300 tons of Thailand's CSQ quota, with all three awarded at the same offered bidding price of NT\$8.720/kg. Under the SBS system, bidding participants are competing on a floor price basis and the bid is awarded to the companies offering the highest bidding prices that also exceed the pre-set floor price, i.e., those who offer the most competitive markups.

Meanwhile, the 55,434 tons of U.S. CSQ rice quota under the traditional system is to be divided into three tranches and scheduled for September/October tendering.

General Information:

Details of August 25, 2009 SBS Tender Results (Exchange rate: \$1 = NT\$32.91)

GF4-980-153 for 3,200 tons U.S.-origin rice:

Only 650 tons were successfully awarded to two out of three bidders participating in the bid, of which 160 tons was successfully offered at NT\$0.501/kg, and 460 tons at NT\$0.720/kg.

GF4-980-154 for 4,000 tons Australia-origin rice:

The tender failed because no bidders participated in the bid. Australia is reported to be in short supply again.

GF4-980-155 for 2,300 tons Thai-origin rice:

Tender successfully completed at the first tendering process on August 25, 2008.

The Thailand tender was awarded to three importers handling Thai rice at the same markup price of NT\$8.720/kg for 500 tons, 800 tons, and 1,000 tons, respectively. With a total of twenty bidders participating, the very competitive bidding reportedly resulted in higher offered markups.

With this tender, the 2009 Thai CSQ rice quota totaling 8,300 tons (all SBS) is concluded.

GF4-980-156 for 2,500 tons Egypt-origin rice:

Only one bidder participated in the bid, which is considered an invalid process. The first tendering process for SBS quota requires three bidders participating in the bid at the first tendering process in accordance to Taiwan Government Procurement Law.

Table 1 – Taiwan's 2009 Country-Specific Quota (CSQ) for Public Sector Imports

Country	SBS System	Traditional Tender System	Total
Egypt	2,500	0	2,500
Thailand	8,300	0	8,300
Australia	10,000	8,634	18,634
USA	9,200	55,434	64,634
2009 Total	30,000	64,068	94,068
Taiwan completed the first tranche of 18,000 tons for SBS tender by 3/11/2009, and completed 2,950 tons of the second tranche for SBS tender on 08/25/2009.			

Table 2 – Summary Tender Schedule & Results for the 2009 CSQ Quota (08/25/2009 update)

Tender Type	Tendering Process	Tender Number and Country Origin
SBS - Tranche 1	1 st tender: 12/30/2008	GF4-970-271 for 6,000 tons U.S. origin: completed at the 1 st tendering process at various markup prices -- 2,110 tons at NT\$0.6/kg (\$18.18/mt); 1,500 tons at NT\$0.595/kg (\$18.03/mt); another 1,500 tons at NT\$0.59/kg (\$17.88/mt); and the remaining 890 tons at NT\$0.581/kg (\$17.61/mt).
	1 st tender: 12/30/2008	GF4-970-272 for 6,000 tons Australia origin: Awarded 190 tons at the 1 st tendering process -- 150 tons at NT\$2.5/kg (\$75.76/mt); and 40 tons at NT\$2.0/kg (60.61/mt).
	2 nd tender: 01/14/2009	TGF4-970-272-1 for the remaining 5,810 tons failed at the 2 nd and 3 rd tendering processes because no bidders participated in the bidding.
	3 rd Tender: 01/21/2009	
	4 th Tender: 02/11/2009	GF4-970-272-1 for 5810 tons on a global basis. 2,500 tons were awarded at the 4 th tender to six bidders at the range of NT\$8.2/kg to NT\$9.0/kg .
	5 th tender: 03/11/2009	GF4-970272-2 for 3,310 tons on a global basis. The 5th tender was awarded to 3 bidders among 14 with respective quota amounts of 1,000 tons, 2,000 tons, and 310 tons all at one price NT\$6.022/kg .
	1 st tender: 12/30/2008	GF4-970-273 for 6,000 tons Thai origin rice: The tender completed at the 1 st tender processing was awarded to four importers handling Thai rice at one price NT\$8.8/kg (\$266.67/mt).
Sub-total: 18,000 tons		
SBS – Tranche 2	1 st Tender 08/25/2009	GF4-980-153 for 3,200 tons U.S. origin: 650 tons completed at the 1 st tender process held on 08/25 of which 160 tons was awarded at NT\$0.501/kg (\$15.22/mt), and 460 tons at NT\$0.720/kg (\$21.87/mt).
	1 st Tender 08/25/2009	GF4-980-154 for 4,000 tons Australia origin rice: Failed because no bidders participated in the bid.
	1 st Tender 08/25/2009	GF4-980-155 for 2,300 tons Thai origin rice: Tender successfully concluded and was awarded to 3 out of 20 bidders participating in the bid at NT\$8.720/kg (\$264.96/mt).
	1 st Tender 08/25/2009	GF4-980-156 for 2,500 tons Egypt origin rice: Failed because only one bidder participated in the bid, which is invalid for competition.
Sub-total: 12,000 tons		
Total SBS Quota: 30,000 tons		